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ABSTRACT

Lacking the resources of larger organizations, small businesses are often unable to find skilled workers to fill immediate employment needs and to identify strategies to meet their future workforce needs. In some communities, business and trade organizations, community colleges, and other public and private organizations have partnered to create workforce development networks, often called workforce consortia. A study was conducted of four of these consortia in order to determine the following: (1) what prompted communities to establish them; (2) what activities they offer to small business; (3) what consortia partners view as the key principles behind the consortia; and (4) what is known about the outcomes of such collaboratives. Data were collected through consultation with experts in workforce development and officials from consortia, a literature review, and site visits to workforce consortia in Austin, Texas; Cedar Rapids, Iowa; Charlotte, North Carolina; and Milwaukee, Wisconsin. The study found that consortia identified these four important principles critical to their operation: (1) they focused on business' workforce needs and were organized around key industry standards in their community; (2) they provided leadership and sustained ongoing, positive working relationships among members; (3) they made activities accessible to both businesses and prospective workers; and (4) they used incentives to make participation in activities attractive to small businesses. Limited information was available on the outcomes of consortia operations. (KC)

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United States General Accounting Office

GAO

Report to the Honorable Christopher S. Bond, Ranking Minority Member, Committee on Small Business and Entrepreneurship, U.S. Senate

October 2001

SMALL BUSINESS

Workforce Development Consortia Provide Needed Services

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Abbreviations

CATF	Capital Area Training Foundation
COWS	Center on Wisconsin Strategy
CPCC	Central Piedmont Community College
STWOA	School-to-Work Opportunities Act of 1994
WIA	Workforce Investment Act of 1998
WRTP	Wisconsin Regional Training Partnership

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United States General Accounting Office
Washington, DC 20548

October 30, 2001

The Honorable Christopher S. Bond
Ranking Minority Member
Committee on Small Business
and Entrepreneurship,
United States Senate

Dear Senator Bond:

Small businesses often experience serious problems finding skilled employees to fill immediate vacancies in their workforce, upgrading the skills of their existing employees, and identifying strategies to meet their future workforce needs. Unlike their larger counterparts, small businesses typically have limited financial and human resources and community relations staff to assist them in managing these important tasks. When small businesses seek connections to potential new entrants into the workforce—including youth—they face a perplexing array of public and private employment and training service providers. In addition, the businesses are often unaware of what assistance is available or who to turn to for help in meeting their workforce development requirements. In past work, we have found, for example, that federal and state employment and training programs are often confusing for employers and participants alike and that small businesses may face economic and informational barriers to participation in these programs.[1] The Workforce Investment Act of 1998—currently being implemented—was passed, in part, to address these workforce development issues and to provide a greater employer focus to federal training programs.

While these problems are common across communities, small businesses in some areas are located where business and trade organizations, community colleges, and other public and private organizations have partnered to create workforce development networks—often referred to as workforce consortia. This emerging industry-based approach offers small businesses access to a variety of workforce development activities in which they might otherwise be unable to participate. Small businesses can

[1] *Multiple Employment Training Programs: Overlapping Programs Indicate Need for Closer Examination of Structure* (GAO-01-71, Oct. 13, 2000). This study identified 40 federally funded employment and training programs, for which a key program goal is providing assistance to persons trying to find employment or improve their job skills.

use these consortia to leverage larger and broader influence and expertise to better address their individual employment and training needs as well as create future career pathways for youth. It was within this context that you asked us to provide information on how small businesses are working with these consortia to address their needs for skilled workers. Specifically, you asked the following questions:

- What factors prompted communities to establish workforce development consortia and what organizations participate in them?
- What activities do the consortia offer to assist small business?
- What do consortia partners view as the key principles and most effective practices for implementing and sustaining workforce consortia?
- What is known about the outcomes of workforce consortia?

To respond to these questions, we identified and consulted with nationally recognized experts in workforce development and officials from community workforce consortia organizations. We also reviewed literature on community workforce development efforts. On the basis of recommendations from these sources, we identified communities with well-regarded community workforce development efforts and selected four communities that had established consortia of local organizations to address workforce needs. In making this selection, we also considered the length of time the consortia had been operating as well as including a variety of community sizes and economic bases. We conducted on-site reviews of workforce consortia in Austin, Texas; Cedar Rapids, Iowa; Charlotte, North Carolina; and Milwaukee, Wisconsin.[2] At each location, we discussed consortia development, operations, and activities with officials from key consortia organizations and with local small business officials.

Results in Brief

In each of the four communities we visited, consortia were formed in response to individual community economic and workforce development needs. In some locations, these needs were identified and examined through formal studies on the community's workforce conditions and future economic challenges. For example, in Charlotte, North Carolina, business leaders working with other community organizations sought to

[2]We also gathered information on Jobs With a Future, an initiative in Madison, Wisconsin, that is closely associated with the community workforce development consortium in Milwaukee.

identify strategies to continue the business growth of the area while exploring potential weaknesses in the local economy. In these communities, local public and private organizations joined together to address existing and emerging workforce development issues. Consortia varied somewhat in membership and activities according to their area's needs and resources but were characterized by a strong business focus. Consortia were typically lead by one or two key organizations, such as the chamber of commerce and community college. Other consortia members often included local school districts, workforce investment boards, business and trade associations, and unions. In three of the four locations we visited, officials from consortia organizations had established intermediary entities to help link all consortium organizations and to act as a broker or provider of services.

Workforce consortia we reviewed connected small businesses to a coordinated system of organizations and activities that provided the services and information they needed to address both current and future workforce needs. Current needs included identifying and hiring new employees as well as training existing employees. Consortia activities to address businesses' needs for new employees included activities like job fairs that brought businesses together with job seekers and initiatives that linked businesses with community-based organizations that had pools of potential employees. Consortia activities to address training needs for existing employees included, for example, industry-specific training in the use of manufacturing technology and English as a second language classes for improving worker/supervisor communication. Consortia activities that focused on future workforce needs were designed to create pathways for new workers—particularly youth—into the job market. These included career awareness activities for youth, such as job shadowing, and internships as well as longer-term training, such as apprenticeships, in the skills needed for a specific trade or technical career.

We found consortia organizations identified four important principles and a number of associated best practices that, in their view, were critical to the operation of their local consortium. According to consortia officials, the key principles were (1) consortia focused primarily on businesses' workforce needs and were organized around key industry sectors in their community; (2) consortia organizations provided leadership and developed ways to sustain on-going, positive working relationships among all consortium partners; (3) consortia organizations made workforce development activities accessible to both businesses and prospective workers; and (4) consortia organizations used incentives to make participation in activities attractive to small businesses. Consortia officials

identified a variety of best practices related to the four principles. For example, to focus on businesses' needs, some consortia had established industry sector workforce advisory groups, such as the Building Industry Careers Alliance in Austin, Texas, and implemented industry-specific employment and training initiatives. To provide leadership and sustain positive working relationships, consortia organizations held regular meetings and discussions to update each other on activities, and in some communities, organizations shared working space. To provide access, several consortia organizations had outreach staff to facilitate participation in consortium activities. Finally, to provide incentives to attract business participation, a state program in Iowa—administered by community colleges—defrayed hiring and training costs for businesses creating new positions and supported the development of custom training packages for existing employees.

Limited information exists on the outcomes of workforce consortia at the sites we visited. We found no systematic efforts to evaluate overall consortium effectiveness, but there were isolated attempts to monitor participation rates and assess the impact of specific activities on job retention and future earnings. For example, the Wisconsin Regional Training Partnership (WRTP) in Milwaukee, linked central city residents—many of whom had less than a high school education—with employers who need workers. The organization reported placing over 600 employees in manufacturing sector jobs—most paying over $10.00 per hour, plus health care, pension, tuition reimbursement and other benefits. Additionally, the initiative reported that after 1 year, 48 percent of these new employees remained in their jobs.

Background

During the 1990s, employers—including small businesses—reported increasing difficulty finding, hiring, training, and retaining employees with the appropriate sets of skills.[3] This problem is due in part to that decade's unprecedented economic growth and the resulting record low unemployment levels and has been compounded by the widespread and increasing use of advanced technologies in nearly all sectors of the U.S. economy. The U.S. Department of Labor reported that employment

[3]*Workforce Issues: A Top Priority for Chamber Members*, Center for Workforce Preparation, U.S. Chamber of Commerce, Washington, D.C. (1999).

The Impact of Training and Development on Recruitment and Retention, Council for Adult and Experiential Learning, Chicago, Illinois (1999).

increased by nearly 21 million in the 1990s,[4] with the service sector—which includes skilled jobs in health and legal services—showing the greatest growth. Significant growth also occurred in high-skill occupations, such as some types of manufacturing and automobile repair, that now use computer technology in their work processes. Additionally, employers report that many new job market entrants, especially youth, are not equipped with the basic skills and job experience they need to succeed in the present environment. Many have deficits in important employment readiness knowledge and skills such as self-reliance, work ethics, teamwork, and communications. Labor projects that the number of young adults, ages 16 to 24, will increase to 25.2 million, or 16.3 percent, of the civilian labor force by 2008.

While all businesses face current and future workforce development challenges, small businesses confront additional barriers—both economic and informational—to meeting their workforce needs. Small business employers typically have fewer economic resources and staff to devote to identifying, hiring, training, and retaining employees. The employers may be discouraged from participation in some federal or state workforce development programs because they do not have the staff capacity to manage administrative procedures. Additionally, because they may not be able to dedicate staff to training and personnel matters, small businesses often have more difficulty than larger employers obtaining information to help them identify and address their workforce development needs. Finally, both large and small businesses may hesitate to invest resources in training an employee who could use the newly acquired skills to secure a better paying job elsewhere. However, the impact of this "free riding" might be greater on a small business.

According to the Small Business Administration, the approximately 25 million small businesses in the United States provide 67 percent of workers with their first job or initial on-the-job training in basic skills and hire a larger proportion of younger workers. Meeting the nation's workforce needs—including those of small business and youth—has been the focus of study and activity by a variety of organizations at both the national and local levels. In many communities, programs and services linking businesses to potential employees or offering training to

[4]"Job Growth in the 1990s: a Retrospect", Monthly Labor Review, December 2000 reports that nonfarm payroll employment increased from 107.9 million in 1989 to 128.8 million in 1999.

incumbent workers are available through entities such as job centers and community colleges. However, these services may be fragmented among several organizations, making it difficult for small businesses to identify and obtain the range of services they need to solve their workforce problems. Federal legislation, such as the School-to-Work Opportunities Act of 1994 (STWOA)[5] and the Workforce Investment Act of 1998 (WIA),[6] has encouraged communities to create systems that address the education and training of young adults and the workforce needs of business in a modern, competitive work economy. WIA calls for a strong role for the private sector, with local business-lead boards focusing on planning, policy development, and oversight of the local workforce investment system. Recent studies and reports have also pointed to cooperation and coordination among public and private organizations as a promising way to address community workforce needs. A report by the National Center on Education and the Economy notes that recent global and national economic trends point to the need for local workforce systems that will provide employers and workers with the support they need for economic success.[7] Additionally, a report by the Center on Wisconsin Strategy (COWS) at the University of Wisconsin states that workforce development strategies increasingly depend on partnerships between businesses and workers, among firms in specific industries, and between the public and

[5]STWOA authorized federal "seed money" over a limited period of time to states and local partnerships of business, labor, government, education, and community organizations to develop school-to-work programs. The act supported the creation of programs with three main elements: work-based learning (providing participating students with work experience and on-the-job training); school-based learning (upgrading and integrating the academic and occupational skills participating students learn in school); and program coordination to aid the planning, implementation, and operation of the program. All 50 states received grants before the program was terminated on October 1, 2001. The U.S. Departments of Education and Labor jointly administered STWOA.

[6]WIA was passed by the 105th Congress to foster a coherent employment and training system. WIA provides the framework for a national workforce preparation and employment system and funds a number of employment and training programs across the nation. Effective July 1, 2000, WIA replaced the Job Training Partnership Act. One of WIA's major purposes is to increase the occupational skills, employment, and earnings of program participants. Services are provided to employers and job seekers—including adults, dislocated workers, and youth—using a one-stop service delivery system that coordinates training programs with employer needs.

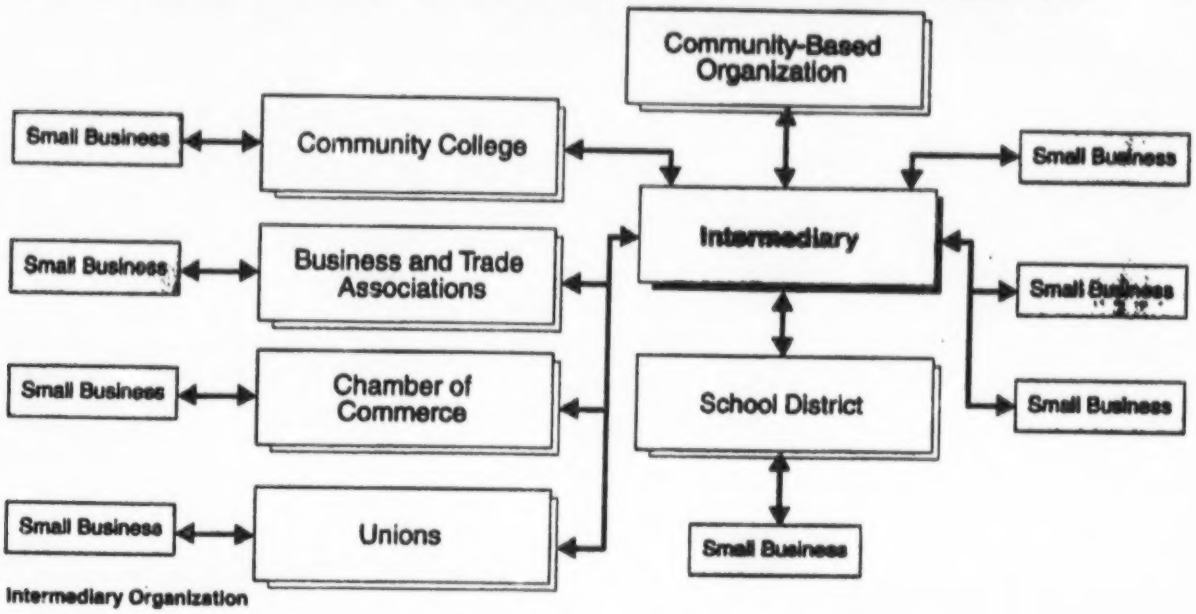
[7]*Building a Highly Skilled Workforce: A Labor Market System for the 21st Century*, The Workforce Development Program of the National Center on Education and the Economy, Washington, D.C., (1997).

private sector.[8] Finally, a policy statement by the Committee for Economic Development suggests that an intermediary organization can play an important role in helping establish and maintain community partnerships.[9] An intermediary is an entity established by community organizations to act as a focal point, linking businesses with educational institutions, community-based organizations, and other local associations in a network—or consortium—to address mutual goals. Intermediaries broker or provide workforce development services and manage ongoing relations among consortium members. Businesses may access consortium services and activities directly through the intermediary or through their association with another consortium organization. A community workforce consortium with an intermediary organization could include many of the organizations shown in figure 1, such as chambers of commerce, community colleges, school districts, community-based organizations, business and trade associations, and unions.

[8]*High Performance Partnerships: Winning Solutions for Employers and Workers*, Center on Wisconsin Strategy for the State of Wisconsin Department of Workforce Development, Madison, WI, April (1999).

[9]*The Employer's Role in Linking School and Work*, A Policy Statement by the Research and Policy Committee of the Committee for Economic Development, New York (1998).

Figure 1: An Example of a Community Workforce Consortium Consisting of Individual Member Organizations and an



Source: Prepared by GAO based on interpretation of the information received from the consortia reviewed for this study.

Community Organizations Form Consortia in Response to Local Workforce Needs.

In the four communities we reviewed—Austin, Texas; Cedar Rapids, Iowa; Charlotte, North Carolina; and Milwaukee, Wisconsin—workforce development consortia had been established in response to local businesses' needs and spearheaded by key community organizations, such as the chamber of commerce or local community college. In some cases, these needs had been identified and examined as part of a formal study of local workforce conditions and possible economic challenges. In others, consensus on community workforce needs was reached by consortia organization officials. The consortia were based primarily on cooperative relationships among community organizations rather than on formal agreements. Consortium membership varied by individual community but often included school districts, business and trade organizations, labor unions, and community-based service organizations, such as the YWCA and family services agencies. Consortia organization officials also served as members of the local workforce investment boards required under the

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Workforce Investment Act.[10] Additionally, consortia in Austin, Cedar Rapids, and Milwaukee had created an intermediary organization to facilitate the coordination and cooperation of workforce development activities among consortium members and to act as a broker of information and services.

Funding for the consortia organizations was typically a "patchwork" of public and private sources. However, all the consortia we visited received substantial financial support from private businesses and corporations or from private not-for-profit organizations. For example, the Capital Area Training Foundation (CATF) in Austin reported receiving fees from businesses participating on advisory councils, the City of Austin, and Travis County. The Workplace Learning Connection in Cedar Rapids reported receiving funding from area corporations, Kirkwood Community College, and service fees paid by participating school districts. Federal financial support also played an important role in the consortia we reviewed. Both CATF and The Workplace Learning Connection reported receiving federal School-to-Work funding and WRTP in Milwaukee received a grant from the U.S. Department of Labor to train low-income workers for jobs in higher paying fields such as construction, data networking, and manufacturing. See table 1.

[10]Under the act, a majority of board members must be representatives of local area business.

Table 1: Community Workforce Development Consortia Overview

Community	Austin, Texas	Cedar Rapids, Iowa	Charlotte, North Carolina	Milwaukee, Wisconsin
Intermediary organization	Capital Area Training Foundation	The Workplace Learning Connection	None	Wisconsin Regional Training Partnership
Participating organizations	• Greater Austin Chamber of Commerce • Austin Community College • City of Austin • Travis County • Capital Area Workforce Development Board • Travis County school districts • Business and trade associations, such as Austin Hotel/Motel Association, Austin Automotive Dealers Association, and the Association of Builders and Contractors	• Kirkwood Community College • Cedar Rapids Area Chamber of Commerce • Grant Wood Area Education Agency—an organization of area public school districts • Business and trade associations, such as the Plumbing, Heating and Cooling Contractors Association • Unions, such as the International Brotherhood of Electrical Workers	• Charlotte Chamber of Commerce • Central Piedmont Community College • University of North Carolina at Charlotte • Charlotte-Mecklenburg School District • Charlotte-Mecklenburg Workforce Development Board • Business and trade associations, such as the Association of General Contractors and the Flexographic Technical Association	• Wisconsin AFL-CIO, • Greater Milwaukee Committee • Milwaukee Area Technical College, • Center on Wisconsin Strategy • Milwaukee Jobs Initiative • Community-based organizations, such as the YWCA, Goodwill Industries, and Milwaukee Housing Authority
Business sector focus	Automotive technology, construction, financial, health care, hospitality, information technology, and semiconductors	Agriculture, biotechnology, health care, general services, information technology, and manufacturing	Financial services, transportation and distribution services, manufacturing, innovative technology, professional services, and travel and entertainment	Manufacturing, construction, health care, hospitality, technology, and transportation
Examples of intermediary funding sources	• Greater Austin Chamber of Commerce • School-to-Work Opportunity Act grants • City of Austin • Travis County • Capital Area Workforce Development Board • Community Action Network • Private industry contributions • Steering Committee membership fees	• Grant Wood Area Education Agency • Kirkwood Community College • Iowa School to Work • McLeod USA • Rockwell Collins • Cedar Rapids Area Chamber of Commerce	No intermediary: Member organizations support their own participation in consortium activities	• Annie E. Casey Foundation • U.S. Department of Labor • Wisconsin Manufacturing Extension Partnership • Wisconsin Department of Workforce Development • Milwaukee Area and Waukesha County Technical Colleges • Milwaukee Foundation • Bader Foundation

Source: Prepared by GAO using information received from the consortia reviewed for this study.

While consortia varied according to individual community needs and resources, Charlotte and Milwaukee were examples of the evolution and organization of community workforce efforts.

- **Charlotte, North Carolina** — In 1998, a group of Charlotte business leaders, working with the Charlotte Chamber of Commerce, initiated a study—Advantage Carolina.[11] The goal of the study was to determine how Charlotte could capitalize on its economic advantages to ensure continued prosperity for the region. Additionally, it explored the strengths and weaknesses of the local economy and how to maximize what was viewed as the tradition of public and private teamwork. Local business, government, and nonprofit organization leaders helped guide the effort. The study—updated in 2000 and 2001—identified the area's primary economic challenges and several initiatives to address them. One initiative—the workforce development continuum—specifically addressed the challenge of building a competitive, promotable, and sustainable workforce. Specific objectives of this initiative included conducting research on workforce needs and trends, building a Web site for job seekers and employers, and building collaboration between higher education institutions, Charlotte-Mecklenburg Schools, and industry.

  To implement study initiatives, the Charlotte Chamber of Commerce and Central Piedmont Community College (CPCC) assumed important workforce development leadership roles that helped foster a community consortium. CPCC provided contract and custom training for local businesses, a variety of technical and trade curricula, and several initiatives aimed at training and employing the disadvantaged. As an outgrowth of the Advantage Carolina study, the community college conducted a survey of local employers to determine current and future workforce needs. The Chamber of Commerce has also conducted workshops to address the specific workforce hiring needs of small businesses and, according to a school official, has worked closely with the school district to identify businesses to participate in work-based learning activities, such as job shadowing and internships. Other consortium participants included the Charlotte-Mecklenburg Schools, the Workforce Development Board, and business and trade organizations. According to officials, the Chamber of Commerce and its activities were funded through member dues and participation fees. Advantage Carolina initiatives were funded with a combination of public and private funds.

[11] *Advantage Carolina*, Charlotte Chamber of Commerce, Charlotte, North Carolina, (1999).

- **Milwaukee, Wisconsin**—In the early 1990s, business, government, and labor leaders in Milwaukee reached consensus about the need to preserve the area's manufacturing industry and keep jobs in the area that pay enough to support families. The leaders determined that by working together they could help sustain industry and help ensure that existing workers could advance in a career track and young people could move into entry level jobs. The leaders convened a series of meetings with the Center on Wisconsin Strategy at the University of Wisconsin to discuss the idea and, in 1992, the center brokered an agreement between the parties to form a steering committee to guide the creation of the Wisconsin Regional Training Partnership (WRTP). The WRTP received funding in 1997 from a local nonprofit organization—the Milwaukee Jobs Initiative—to improve the economic prospects of central city families by linking them with training and jobs. WRTP worked with local community-based organizations that provided pools of potential employees for businesses with jobs to fill.

  WRTP recently expanded to provide workforce development services to additional business sectors, including construction, health care, hospitality, technology, and transportation. The Milwaukee Area Technical College worked under contract with WRTP to provide pre-employment and job training for program participants. Activities were funded by numerous sources, including the Annie E. Casey Foundation, the U.S. Departments of Labor and Health and Human Services, the Milwaukee Foundation, Milwaukee County, the City of Milwaukee, and other Milwaukee-area philanthropic and corporate sponsors.

Consortia Activities Address Current and Future Workforce Needs

Small businesses can seek solutions to their workforce problems by linking with a consortium of community organizations that help them address both their current and future workforce development issues. Small businesses in the communities we visited participated in these consortia by joining member organizations or engaging in their activities. Consortia activities to help businesses meet current workforce needs centered on finding and hiring new employees as well as on training existing employees. Activities to address future workforce needs focused on creating career pathways for potential workers—particularly youth.

Consortia Provide Employment and Training Services to Address Current Workforce Needs

Small businesses that link with a community consortium—either directly through an intermediary or through another consortium organization—can benefit from consortium services that address their current workforce development needs and problems. Current needs include both hiring new employees and training existing employees. To meet these needs,

businesses must identify, recruit, and hire workers to fill current job vacancies. Additionally, businesses must maintain and upgrade the skills of the existing workforce to stay current with changes in technology and allow for future growth. Consortia can be instrumental in helping businesses connect with prospective employees who are equipped with the appropriate job skills and, in some cases, the pre-employment skills and social supports they need to be successful jobholders. In the consortia we reviewed, we found a variety of activities that were designed to meet businesses' immediate employment needs, including job fairs to provide a venue for businesses and prospective employees to come together, initiatives with community-based organizations that targeted the disadvantaged, and WIA one-stop job centers. Specific examples of what we found include the following:

- In Milwaukee, the WRTP—a consortium intermediary organization—worked with community-based organizations such as the YWCA and the Milwaukee Housing Authority to link businesses with pools of potential employees. The prospective employees were offered employment based on their current qualifications or their completion of the requisite training classes in specific job skills and pre-employment skills such as communication and goal setting. WRTP also worked with the community organizations to help prospective employees secure job retention services such as day care and transportation.

- Central Piedmont Community College, one of Charlotte's consortium leaders, sponsored Pathways to Employment—a 12 to14 week welfare to work program that provided academic, social, and job-specific training to prepare welfare recipients to enter the workforce as skilled employees. Pathways to Employment linked CPCC with the local Department of Social Services, community businesses, and other organizations to move participants from welfare to work. Pathways prepared students for employment in five curriculum areas: customer service representative, medical office administration, medical reimbursement specialist, hospital unit coordinator, and office information systems specialist. These curriculum areas were developed based on community workforce needs. Pathways developed partnerships with local employers to assist students in attaining employment after graduation. Businesses participating in the program agreed to consider program graduates for employment.

- The Capital of Texas Eastview Workforce Center—one of three WIA workforce board job centers in Austin and a consortium member—was located on a campus of Austin Community College and across the street from a low-income housing facility. One of the goals of the center was to

help both large and small businesses in the community find employees who are ready to work and have the appropriate job skills. The Center sponsored a job fair each Thursday where businesses could talk with prospective employees. According to a center official, most of the businesses that used the center have fewer than 100 employees. The consortium linked with Huston-Tillotson College, a local historically black 4-year institution that provided computer training on site. Daily classes were also offered in job search skills, including resume writing and interviewing techniques.

Consortia we reviewed also offered a wide range of activities to meet the training needs for the existing workers of small businesses. According to consortia organization officials, training provided these incumbent workers with the skills to keep current with evolving technology, revised laws and regulations, safety standards, and job processes. Training can help companies retain and sustain their current workforce and provide opportunities for potential business expansion and growth, as well as foster employee advancement. Businesses often looked to consortium members such as technical and community colleges to provide training for incumbent workers. However, other consortia organizations may also provide training for the existing workforce. Incumbent worker training opportunities in the consortia we reviewed included:

- In Cedar Rapids, the Chamber of Commerce, partnering with Kirkwood Community College, worked with local businesses to address their workforce training needs. This project received funding from Iowa's Accelerated Career Education initiative, which has allocated funds for community colleges to develop accelerated training programs to meet the needs of industry. Recent activities in Cedar Rapids focused on three industry sectors—manufacturing, information technology, and press operators. Small businesses' incumbent workers could receive training in a variety of areas including upgrading computer skills, workplace communication and conflict resolution, and advanced training for new generations of equipment. Specific job-skills courses included blueprint reading, industrial math, and electrical/mechanical technician training.

- In Austin, the Community Technology and Training Centers—sponsored by consortium intermediary Capital Area Training Foundation, and located at two local high schools in low-income neighborhoods—were open to participants at no cost during non-school hours. They offered a range of computer classes from basic skills courses to advanced software training, but with an emphasis on business skills. The centers also provided free Internet access and career guidance services. According to an official,

small businesses participated by sending employees for training and some sponsored internships through the center.

- In Milwaukee, WRTP was originally established to help the manufacturing industry upgrade worker skills in response to changing technology. This consortium organization continued to address incumbent worker skills in the manufacturing sector and expanded to include additional industry sectors. WRTP assisted businesses in developing education and training programs. For example, according to a union official, WRTP worked with both the union and management of a local foundry to provide the mostly Spanish speaking workers with English as a second language and math training to help them communicate and work more effectively and qualify for higher skill jobs. WRTP's menu of employer services for incumbent workers also included providing technical assistance with the implementation of work-based learning and mentoring systems, development of worker training programs such as on-site learning centers and apprenticeship programs, and the development of innovative strategies for reducing absenteeism and turnover.

Consortia Offer Activities to Small Businesses That Guide Young Adults to Future Workforce Opportunities

Small businesses and consortium officials in the communities we visited said that they believed participation in career pathway activities—particularly for youth and young adults—was an important way for them to ensure that businesses will have a skilled workforce available in the future. Career pathway activities offered by consortia organizations were intended to expand students' employment horizons by exposing them to the wide variety of future career opportunities available to them. Some consortia career pathway activities prepared students for employment by providing work-based learning opportunities, such as summer internships at a job site. Others, like apprenticeships, provided longer-term training in a specific trade or technical field.

In the communities we visited, business participation in consortium activities to introduce middle and high school students to career opportunities included short-term interactions between business officials and students, such as a business representative speaking to an automotive repair class or taking students on a tour of a manufacturing plant. Additionally, consortia offered opportunities for businesses to participate in more extensive work-based learning experiences like providing internships and part-time jobs. Specific examples include the following:

- In Austin and Cedar Rapids, the consortia intermediary organizations—CATF and The Workplace Learning Connection—sponsored internships, job shadowing, and industry tours to increase middle and high school

students' awareness of the connection between academic studies and their future career opportunities. Speaker's bureaus in several industry sectors also connected professionals to students in the classroom. The intermediaries also worked with employers to provide opportunities for high school teachers to participate in job-site activities, such as summer internships or the teacher at work program, that expanded their understanding of the business world and provided practical experience and relevant information they could incorporate into their curricula. These intermediary activities were supported, in part, with school-to-work funding.

- Consortium member Charlotte Mecklenburg School District offered a range of work-based learning opportunities that included internships to explore career areas, classroom-related job experience with businesses and community agencies, and job shadowing for students to observe business professionals and learn about work environments in their fields of interest. The district also partnered with local businesses to sponsor summer internships for students enrolled in its Finance and Travel and Tourism career academies.[12] In addition, a school district official reported that the district would open a new technical high school in 2002. The school will teach curricula based on the six key industry sectors identified in the Advantage Carolina report from the Charlotte Chamber of Commerce. The technical school will have business partners that will provide technical expertise as well as some of the faculty.

Longer-term training programs offered by consortium organizations, such as apprenticeships and cooperative (co-op) education programs also created future career pathways. Apprenticeship and co-op programs provided businesses with the opportunity to train future employees in the skills needed for a specific technical or trade career. Apprenticeships are usually several years in duration and apprentices work part- or full-time and attend classes part time. In co-op programs, students may alternate periods of time working full time with attending class full time. These programs typically linked businesses with local technical and community colleges and sometimes secondary schools. Businesses worked with the community colleges in developing and updating the curricula, teaching

[12]A career academy is a small high school learning community, organized as a "school-within-a-school," that aims to (1) create a more personalized and supportive environment for students and teachers and (2) provide career-oriented course work and experience. See *At-Risk Youth: School-Community Collaborations Focus on Improving Student Outcomes* (GAO-01-66).

classes, and providing training on the job-site. Businesses could also participate in apprenticeship programs through their trade associations. Programs in the locations we visited included:

- In Charlotte, six manufacturing companies have partnered with Central Piedmont Community College to develop Apprenticeship 2000. Apprentices typically began working part-time for the company in their senior year of high school, and were employed full-time upon graduation while taking coursework at CPCC. The apprentices were paid for all work and daytime classroom hours as well as tuition and fees. After completion of the 4-year program, students received an associate of applied science degree from the community college and a journeyman's certificate from the North Carolina Department of Labor. The college also sponsored a co-op program leading to a 2-year associate degree in automotive repair, according to an official. Students spent the first 8 weeks in classroom training and the remainder of the semester working at a car dealership.

- In Milwaukee, automobile dealerships have participated in consortium activities with Milwaukee Public Schools through a youth apprenticeship program for high school juniors and seniors. During the 2-year program, students studied auto mechanics at school and worked part-time at a dealership during the school year and full-time during the summer. Each student was assigned to work with and be mentored by a master mechanic. The curriculum was provided and the program certified by the National Automotive Technician Foundation, which represents all major automobile manufacturers.

- In Cedar Rapids, representatives from construction trade unions active in the local consortium said they sponsored apprenticeship programs and worked with Kirkwood Community College to provide the educational component while the trade unions provided the on-the-job training. Union officials reported that they targeted the apprenticeship programs to young adults—over 21—because they generally are more mature and have some work experience. In addition, according to officials, many of the job-sites can be hazardous and challenging, and younger workers tend not to be as careful or attentive to their work.

Community Workforce Development Consortia Share Key Principles and Best Practices

We found that consortia organizations shared important principles and related best practices that they believe are essential in implementing and sustaining workforce development activities. Consortia officials we interviewed identified four key principles common to all of the communities we visited: (1) activities are focused primarily on businesses' workforce needs and are structured around key industry sectors represented in their community; (2) consortium organizations provide leadership and maintain on-going, positive working relationships with their partners; (3) workforce development activities are accessible by both businesses and prospective employees; and (4) consortium organizations create ways to make participation in activities more attractive to small businesses.

Activities Organized Around Industry Sectors to Meet Businesses' Needs

All of the locations we visited had identified key industry sectors in their communities and had organized their workforce development efforts to target local businesses' needs in those sectors. Several consortia officials told us that organizing by industry sectors is an effective and efficient approach because businesses in the same sectors often have similar workforce issues and can work together to resolve them. Table 2 shows the targeted business and industry sectors in each community consortium we reviewed.

Table 2: Community Consortia Targeted Business and Industry Sectors

Community consortium	Targeted business and industry sectors
Austin, Texas	Automotive technology, construction, finance, health care, hospitality, information technology, and semiconductors
Cedar Rapids, Iowa	Agriculture and biotechnology, health care, general services, information technology, and manufacturing
Charlotte, North Carolina	Financial services, transportation and distribution services, manufacturing, innovative technology, professional services, and travel and entertainment
Milwaukee, Wisconsin	Manufacturing, construction, health care, hospitality, technology, and transportation

Source: Prepared by GAO using information from the consortia reviewed for this study.

- In Cedar Rapids and Charlotte, the sector focus grew out of studies done on community economic issues. Both studies identified important local industry sectors and the workforce needs of each sector. According to officials, many small businesses were represented in each sector, especially in the manufacturing, construction, and automotive sectors.

- Kirkwood Community College in Cedar Rapids initiated a study—Skills 2000 to determine local workforce needs[13]. The study surveyed 33 major area businesses representing five key industry sectors: manufacturing, information technology, health care, agriculture and biotechnology, and general services. Each industry sector identified a mismatch between the skills they wanted in employees and the skills in the available workforce. Kirkwood, working with other consortium members, used this study to develop specific training programs based upon the needs of local businesses in those sectors. One example is the Press Consortium Training Program where 13 small printing companies joined together with Kirkwood to address their training needs in an effort to remain competitive and current with new technologies. They developed and implemented six 10-week training modules for incumbent press assistants and press operators to receive training in press operations, essential skills, sales, and customer service. Project members reported that they have shifted the focus from competing with each other for qualified employees to working together to promote the printing industry.

- In Charlotte, the Advantage Carolina study, done in 1998, identified six key industry sectors that consortium organizations used to identify local workforce development issues. Three sectors represented already existing industry clusters: financial services, transportation and distribution services, and manufacturing. Three represented emerging industries: innovative technology, professional services, and travel and entertainment. Together they accounted for 60 percent of Charlotte's employment growth between 1980 and 1999. Representatives from each of the sectors reported the critical issues associated with each sector and identified strategies to address them. Workforce development and training was a theme common to all six sectors, and several consortium efforts address the workforce needs identified by business. For example, the chamber of commerce's Information Technology Collaborative initiative—implemented in response to their Advantage Carolina study—addressed the need for skilled workers by developing information technology certification programs and by linking students with businesses.

- The Capital Area Training Foundation—Austin's intermediary—convened seven industry-lead steering committees that collaborate with educators and employers to develop workforce solutions for the key industry sectors

[13]*Skills 2000 Commission Report*, Kirkwood Community College, Cedar Rapids, Iowa, (1999).

in the community. Targeted industries included semiconductor manufacturing, construction, finance, hospitality, information technology, automotive technology, and health care. The steering committees were responsible for engaging employers in designing career pathways; sponsoring work-based learning experiences for students and teachers; and linking employers directly with schools and post-secondary institutions. One example of the steering committees was the Building Industry Construction Alliance, which according to an official, included about 75 businesses and several other consortium organizations. The Alliance also worked with local high schools and educational institutions to develop career pathways for the construction trades.

- In Milwaukee, the industry sector approach to workforce development began when WRTP established a manufacturing steering committee to assist employers and unions in the manufacturing sector in improving employment security for current employees and career opportunities for community residents. This committee played the important role of monitoring the health of local manufacturing businesses to help guide workforce development activities in their communities. WRTP has since expanded to include other industry sectors such as construction, hospitality, technology, transportation, and health care, and currently works with over 100 member businesses and unions.

Consortia Provide Leadership and Sustain Positive Working Relationships

Consortia we reviewed were loose alliances of organizations, but had established firm consensus on both community problems and goals among consortia members. Key consortia organizations provided leadership and developed close working relationships with other member organizations in an effort to implement and sustain workforce development activities in their communities. Officials at some locations cited leadership as a vital component of the operations of workforce consortia. Additionally, some consortia officials we spoke with said that close coordination and communication among organizations was critical in meeting local workforce needs. Consortia efforts to encourage strong leadership and promote positive working relationships included:

- In Austin, several consortium organizations including Austin Community College, the Capital Area Training Foundation, the Workforce Development Board, the Tech-Prep Consortium, and the Capital Area Education and Careers Partnership co-located their offices in Austin Community College's Highland Business Center. College officials told us that the centralization of these organizations took place under the leadership of the president of the community college, who believed that having consortium members in the same location would promote

coordination and better serve the organizations and the community. Consortium officials reported that co-location also facilitates regular communication, scheduling of meetings, and fosters the feeling of collegiality in working across organizations that often have different, but complementary, missions.

- Consortium organization officials in Charlotte reported that the Charlotte Chamber of Commerce had taken the lead in workforce development by convening all of the key consortium organizations and facilitating regular communication among these members. According to one official, the chamber also recognized the need to form a business and education collaborative infrastructure to direct the management of pertinent education issues. The chamber worked closely with local business representatives and public officials to establish 17 key initiatives—including the Information Technology Collaborative and the Workforce Development Continuum—that grew out of the Advantage Carolina study. The chamber also encouraged consortium organizations to participate on multiple boards and committees and partner with other consortium members on specific activities. For example, chamber officials told us that the Director of Workforce and Professional Development at the chamber had a seat on the local WIA workforce development board. In addition, the chamber sponsored a Small Business Round Table every other month where organizations serving small businesses meet to discuss what they are doing and to coordinate dates of activities and events. Organizations included are the Small Business Technical Development Center at Central Piedmont Community College, the Small Business Administration, City of Charlotte, Mecklenburg County and the Metrolina Entrepreneur Council, an organization of small companies—many of them technology based. In addition, according to an official, the chamber has recognized the need to form a business/educational collaborative infrastructure to direct the management of pertinent educational issues.

- In Milwaukee, officials from area unions told us that the leadership of the Wisconsin Regional Training Partnership has helped build close working relations between union and management that are critical to maintaining and sustaining workforce development activities. The officials said the WRTP had credibility with the unions from the beginning because nearly all of the WRTP staff had union experience and that WRTP provided the link between the unions, educational institutions, and other consortium organizations for workforce development activities. At each business working with WRTP on workforce development, there was a union co-chair of the activities. At the regional and local level there were union representatives on all of the committees that implement WRTP goals and

initiatives. Consortium officials said that the relationship—built by the union, employers, and WRTP—was now established and would continue even if the economy changes and the labor market weakens.

Activities Easily Accessible to Businesses and Prospective Workers

Workforce development activities that are convenient and easily accessible help engage small businesses and increase awareness of employment opportunities for prospective workers. Small businesses and consortia officials alike emphasized the importance of easy access for small business owners and potential employees. Consortia organizations offered multiple doorways into workforce development activities for small businesses through member organizations or intermediary outreach. Consortia used strategies such as providing outreach services to local small businesses to inform them of opportunities in workforce development activities and assisting prospective employees overcome potential barriers to employment such as finding childcare services. Additionally, since businesses differ in the amount of time and resources they have available to devote to workforce development, consortia offered a range of participation options to make workforce development activities accessible to all businesses. Examples of how consortia we visited provided easy access to activities included:

- Kirkwood Training Services, a division of continuing education at Kirkwood Community College in Cedar Rapids, had program directors that Kirkwood officials told us were considered the "sales and marketing team" and facilitated business participation. Officials explained that the program directors met with both small and large businesses and developed customized training as well as industry sector training programs. The program directors called on local businesses to discuss training needs and training opportunities. Kirkwood Training Services contracted with over 150 businesses a year to provide customized training services. Small businesses could choose from several different options to access workforce development activities that met their workforce training needs. For example, Kirkwood Community College developed industry sector training programs where like-businesses pool resources for training. In one of them, eight call center businesses combined efforts with Kirkwood to create an 11-week customer call center program. Training included work skills, telephone skills, and etiquette and customer service skills. The customer call center program enabled all eight industry partners to have access to a pool of qualified potential employees and share the training costs. Additionally, Kirkwood Training Services offered computer-based training at its training center, including computer training modules and instructional software to provide online skill-specific training in selected fields such as information technology, safety, and workplace basics.

Officials reported that small businesses could use the center for employee training, and the center was open in the early mornings and in the evenings as well as during the workday to provide easy access.

- WRTP officials in Milwaukee recognized that difficult family and financial circumstances could present serious access problems to employment for many prospective employees. To address these issues, WRTP officials told us that they worked with community-based organizations to help low-income clients identify and overcome barriers to employment such as difficulty in finding childcare programs or the necessary transportation that could otherwise prevent them from succeeding in the workplace. WRTP also helped prospective employees develop back-up plans so that if, for example, a daycare provider gets sick, employees have other organizations or people that will help.

- Industry liaison staff at the intermediaries in Austin and Cedar Rapids facilitated businesses' access to workforce development activities by offering a variety of ways to participate. Additionally, liaison staff helped businesses decide which activities best suit their workforce needs. These ranged from a single speaking engagement at a local school to providing on-the-job training to a student intern. The intermediaries also offered high school students an assortment of work-based learning opportunities ranging from company tours to apprenticeships. In Cedar Rapids, liaison staff at the intermediary, The Workplace Learning Connection, stressed the importance of workforce development activities being easy for everyone to use—businesses, schools, and students—because if they were not, participation would suffer.

- The Charlotte-Mecklenburg School District reported employing four people that provide outreach to local businesses to engage them in school-to-career programs in area high schools. These staff informed businesses on how to become involved in community workforce development activities and how this participation might be a financial benefit to them. High school students were connected with the businesses in work-based learning activities such as job shadowing, internships, and apprenticeships. School district officials reported that small businesses chose their level of involvement based on their resources and workforce needs by working closely with the school district staff.

Incentives Attract Small Business Participation

Consortia officials told us that incentives make participating in workforce development activities more appealing to small businesses. Officials said that they engage businesses in workforce development activities by pointing out a number of specific benefits. Some noted that providing

businesses with skilled workers to meet their workforce needs could be a significant enough incentive to participate. Other incentives in the locations we visited included the possibility of longer-term benefits such as building the future workforce by connecting high school students with local businesses. Additionally, in some consortia, financial incentives attracted businesses to become involved in workforce development activities.

- In Cedar Rapids, Kirkwood Community College provided financial incentives for businesses to participate in workforce development activities through two state jobs training programs that lower training costs. Kirkwood officials said that businesses learn about these programs through direct mail marketing, seminars, outreach from staff at Kirkwood Training Services, and also by word-of-mouth.

  The first jobs training program, the Iowa Industrial New Jobs Training Program, was created in 1983 to provide an economic incentive to new or expanding industries in Iowa. Eligible companies that were creating new positions or new jobs could receive state funding for training administered through their local community college. The community college district in which a qualifying business is located initially pays the costs of the training program—financing it through the sale of job training certificates (bonds.) The community college is repaid over a 10-year period by the business diverting 1.5 or 3 percent of the state payroll tax it withholds on the employees' wages for the newly created jobs. Property tax revenues, resulting from capital improvements, might also be used for repayments. Repayment of the certificates does not involve additional taxes to the businesses. The training certificate amount a business receives depends on the number of jobs it creates and the wages it pays those positions.

  The second jobs program, the Iowa Jobs Training Program, was created to help Iowa businesses fund customized training for current employees. Community colleges assisted businesses with the development of training programs that were funded by cash awards through the Iowa Department of Economic Development. The maximum amount of funding was $25,000 for each project, and businesses could receive a maximum of $50,000 over 3 years. Eligible applicants included businesses engaged in manufacturing, processing, assembling products, warehousing, wholesaling, or conducting research and development. Reimbursable services included skill assessment, adult basic education, and the cost of training services, materials, and professional services.

- In Milwaukee, officials at WRTP reported they were able to provide services to individual businesses at no out of pocket cost using grant money received from a variety of sources, including the Annie E. Casey Foundation and the U.S. Department of Labor. WRTP services included technical assistance with the transition to new technologies and work processes, expansion of worker education and training programs, improvement of work-based learning and mentoring systems, adoption of innovative strategies for reducing absenteeism and turnover, and development of cost-effective alternatives to temporary employment agencies. Employers contributed in-kind support by providing equipment, materials, and job shadowing and mentoring opportunities. One business official we spoke with acknowledged that he saw a significant cost incentive to using WRTP's free employment services. He said that by working with WRTP, he will save the approximately $3,000 per employee he would have to spend if he worked with a temporary employment agency to identify potential employees.

- Consortium organization officials in Charlotte told us that businesses benefit from participation in activities such as speaking engagements and teaching courses because they can have first opportunity to recruit potential new employees. For example, the Information Technology program at Central Piedmont Community College was a five- to six-level certificate program that asks business members to speak or teach. The officials report that the program had about 100 part-time instructors, half of whom are from small businesses. Additionally, a CPCC official reported that the college provided training assistance, at no cost, to North Carolina businesses that create new full-time manufacturing and customer service positions. Two programs, New and Expanding Business Industry and Focused Industrial Training, provided customized training services that included pre-employment training, on-site instruction, and materials. A third state-funded program—In-plant Training—also assisted businesses, at no cost, in providing employees with in-service training in basic job skills.

Limited Information Available on Program Outcomes

Outcome studies of workforce development activities at the sites we visited were limited in scope. We found that some consortia organizations in some locations reported collecting data to monitor the number of participants in activities such as job fairs and internships, employee placements following completion of training programs, and employment retention and advancement from local workforce development initiatives. However, officials said that consortia organizations did not have systems in place to evaluate the overall effectiveness of workforce development activities in their community. Outcome information for specific activities

on participation, employee placement, and employment and retention rates included:

- In Milwaukee, WRTP's Manufacturing Jobs Connection project targets central city residents—many of whom have limited work experience and less than a high school education, according to a program official. The project reported that—since its inception in 1997, 202 participants have completed the program's customized training and nearly all were placed in manufacturing jobs. Fifty-seven of the placements were with small businesses of 100 or fewer employees—earning an average wage of $10.75 per hour. As of January 2000, the employees' job retention rate was 68 percent for 3 months, 63 percent for 6 months, and 48 percent for 12 months. According to an official, WRTP has placed more than 1,000 employees in jobs—over 600 in manufacturing—since 1997 with most jobs paying at least $10.00 per hour, plus health care, pension, tuition reimbursement, and other benefits. The project also reported an increase in program participants' annual earnings from about $9,000 to $23,000 per year in the first year on the job.

- In Austin, CATF—the consortium intermediary—reported placing over 2,000 high school students in summer internships in 2000 as well as 1,350 middle school students in job shadowing activities during the 2001 school year. The annual Greater Austin @ Work High School Career Fair sponsored by CATF attracted 2,600 students from 25 high schools and over 170 employers, colleges and universities, and community-based organizations in 2000. Additionally, CATF's Construction Gateway Program, a five-week job-training program for the construction trades, has graduated 504 trainees in the past 6 years—many of them incarcerated youth. Of the participants who graduated between 1994 and 1999, 259 were subsequently employed in the construction field. Program officials were planning to use a workforce commission database to survey the program's graduates to determine their work progress since graduation.

- In Charlotte, Central Piedmont Community College had several programs that tracked participation and retention rates. For example, the Pathways to Employment program had 70 to 80 participants per semester, most of

whom received Temporary Aid for Needy Families (TANF)[14]. Pathways was a short-term training program designed to prepare participants to enter the workforce as skilled employees in areas including customer service, heating and air conditioning, medical office administration and early childhood development. Program officials reported an 80 percent job placement rate and a 75 to 80 percent retention rate after 3 months. In Apprenticeship 2000—a 4-year program where participants work and attend community college classes—officials reported there were 45 apprentices participating at the time of our review. Outcome information is not formally collected; however, a representative from one company told us that only 2 of the 28 apprentices it has sponsored have dropped out since the program's inception.

- In Cedar Rapids, The Workplace Learning Connection tracked participation rates for all work-based learning activities. Reported levels of student participation in these activities increased from fiscal years 1999 through fiscal year 2000 as shown in table 3.

Table 3: The Workplace Learning Connection Student Participation - Fiscal Years 1999 and 2000

The Workplace Learning Connection services	Student participation fiscal year 1999	Student participation fiscal year 2000
Job shadows	1,152	2,800
Internships	100	150
Student tours	Minimal	2,250
Teacher tours	Minimal	270
Teacher @ Work Program	24	50
Teacher inservices	Minimal	250
Classroom speakers	0	4,125
Career fairs	0	175

Source: Prepared by GAO using The Workplace Learning Connection data.

Additionally, the intermediary reported that 37 students who had served as unpaid interns with local businesses in fiscal year 2000 were later hired as paid part-time employees. The Workplace Learning Connection officials told us that they also measured the success of activities by the continuing

[14]TANF was created as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to replace cash assistance under the Aid to Families with Dependent Children. It specifies several broad goals including ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage. TANF makes $16.8 billion in federal funds available to states each year through 2002.

use of their services by the schools—since the schools pay a fee for service. At the time of our review, the intermediary had memoranda of understanding with 29 of the 33 school districts in its region. Kirkwood Community College in Cedar Rapids reported that it, along with 268 participating businesses, has generated about 19,000 new jobs through the Iowa Industrial New Jobs Training Program since 1983.

Conclusions

Partnerships among private sector groups, local governments, and their public agencies continue to emerge as an important force in addressing local workforce development problems. These partnerships, often prompted by adverse or changing local economic conditions, have strong business leadership, focus, and financial support. They address the disconnect between the community's employers—especially small businesses—and workforce development services designed to identify and prepare entry level workers, upgrade the skills of existing workers, and create career pathways for young adults. Within each community we visited, the capacity to address these workforce development needs was present. What had been missing was a consistent and stable mechanism to link businesses to the employment and training resources they needed. While the consortia followed similar paths in their approach, each location addressed its problems by mobilizing the unique strengths of its locale, adapting to the special circumstances of the community. Often found in these communities, and partners with the consortia, were the efforts of both current and past federal initiatives—local WIA boards and partnerships established under the School-to-Work Program. The infrastructure created by federal initiatives like these, that can support new service entities operating in harmony with existing service systems, appears to be a promising way of promoting broad national goals while providing the local discretion necessary to create solutions to fit with local problems.

Agency Comments

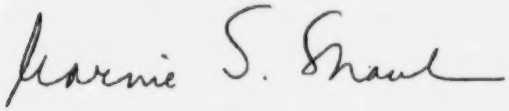
We provided officials at the Department of Labor and consortia officials from Austin, Cedar Rapids, Charlotte, and Milwaukee an opportunity to comment on a draft of this report. All reviewing officials generally agreed with the contents of the report and some provided clarifications and technical comments that we incorporated where appropriate.

We performed our review from September 2000 to July 2001 in accordance with generally accepted government auditing standards.

As agreed with your office, unless you publicly release its contents earlier, we will make no further distribution of this report until 30 days after its issue date. At that time, we will send copies of this report to the Honorable Elaine L. Chao, Secretary of Labor, appropriate congressional committees, and other interested parties. We will also make copies available to others on request.

Please contact me on (202) 512-7215 if you or your staff have any questions about this report. Key contributors to this report are listed in appendix I.

Sincerely yours,



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Appendix I: GAO Contacts and Staff Acknowledgments

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In addition to those named above, the following individuals made important contributions to this report: Lisa A. Lusk, Scott R. McNabb, Dianne L. Whitman-Miner, Howard J. Wial, James P. Wright, Jonathan H. Barker, and Richard P. Burkard.

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